12/16/86 A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 11 NOVEMBER 1986

PAPER AND PAPERBOARD 1986: RECORD-SHATTERING PRODUCTION

With only a few weeks left in the year, production of paper and paperobard is approaching a record-breaking high of 70,600,000 tons, equivalent to 93.4% of the available capacity. This total was 5.3% above the inventory-depressed level of 67,076,000 tons produced in 1985 and 3.1% above the 1984 high of 68,487,000 tons.

The trend of production during the course of the year was generally upward, with each quarterly total making new highs. The annual rate, which was 69.3 million tons per year (seasonally adjusted) in the first quarter, rose to a 70.3 million tons per year rate in the second quarter and an extraordinary 71.6 million tons per year in the third. Weekly data through mid-November indicate that the fourth quarter rate remains close to the third quarter high.

PRODUCTION BY GRADE

PAPER: Among the paper grades, the largest gains were in coated and uncoated free sheet papers. Domestic shipments of coated papers had been relatively slow at the beginning of the year, as imports remained high and printers continued to hold their inventories at relatively low levels. However, shipments moved up strongly after mid-year, as domestic producers recovered some of the market from importers and printers resumed some inventory building. By the end of the third quarter coated paper shipments rate had moved to new highs. The January-October rate of 6,222,000 tons per year (as shown in the table on page 3) was 4.6% above the comparable inventory-depressed 1985 level and close to the record high total shipped in 1984. Much of the strength in the second-half of 1986 came from commercial printers, who tend to use the higher grades of coated papers, but demand from magazine and other periodical publishers was also well above first half levels.

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The gain in the uncoated free sheet papers continues to be concentrated in the bond and writing papers and in form bond papers. The former category includes office copy papers, where demand remains in a strong uptrend as the copier population grows. The form bond grade includes papers for computer printouts; the growing number of personal computers used in businesses of all sizes is one strong factor in the rising demand trend for these papers.

Domestic production of both newsprint and printing papers is also moving to new highs in 1986, although the gains, as shown in the table on page 3, are more moderate relative to other grades. In terms of operating rates, however, newsprint production is running at the 96% level; tissue paper at 92%. Total demand for newsprint by newspaper publishers averaged 13.2 million tons per year on a seasonally adjusted basis in the first ten months of 1986. United States producers supplied 40.4% of this total, Canada 57.0% and overseas producers the remaining 2.6%. Last year U.S. producers supplied 40.2% of the total, Canadians 57.3% and overseas producers 2.5%. As in coated papers, the fall in the value of the dollar appears to have strengthened the market position of domestic producers.

PAPERBOARD: The paperboard grades have shown even larger 1985-1986 gains than paper, reflecting both the modest levels of 1985 (a result of major inventory reductions of containerboard) and the resurgence in export demand in kraft paperboard. The 1986 total output of paperboard is moving to a record-high of 35.1 million tons, 6.2% above the 1985 total and more than one million tons -- 3.1% -- above the previous high established in 1984.

The gains were shared by all the major grades and market groups (see table on page 3). Containerboard production for domestic use, for example, was 6.5% above its year-ago level in the first ten months of 1986, and 2.3% above its 1984 total. Shipments of fibre boxes rose 5.9% over their comparable 1985 total and, on a seasonally adjusted basis, about 5.7% above their 1984 total. Inventories at both mills and plants continued their downward slide and as of November 1, 1986 were at a 5-year low, whether measured in tons or weeks of supply.

The containerboard grades include kraft linerboard, semichemical paperboard and the recycled linerboard and corrugating materials. Production of total kraft paperboard in 1986 was bolstered by a 12.5% gain in exports, reflecting the effects of the lower value of the dollar in export markets.

Continued on page 10

PAPER AND PAPERBOARD STATISTICS

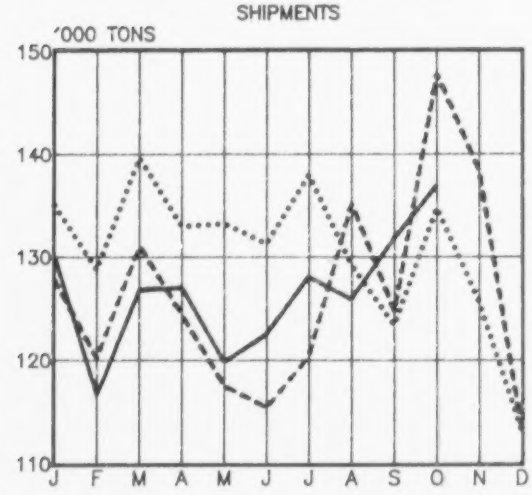
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	JUL 1986	AUG 1986	SEPT 1986	OCT 1986	Annual Rate 1-7 D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	477	486	462	469	5623	3.0
- Shipments	5584	5417	469	472	455	482	5553	2.0
Printing & Writing Sum	18433	18471	1592	1684	1671	1759	19679	6.2
Groundwood Paper - Shipments	1565	1516	128	126	132	137	1583	3.2
- New Orders	1575	1477	152	138	118	122	1540	3.0
-Unfilled Orders	140	106	141	149	139	139	139	23.3
Coated Papers - Shipments	6249	5075	484	556	555	569	6222	4.6
- New Orders	6281	5642	529	562	551	564	6317	11.3
- Unfilled Orders	575	393	475	467	497	494	494	24.3
Unctd Free Sheet - Shipments	9207	9750	874	884	872	934	10537	8.2
- New Orders	8939	9704'	889	922	845	905	10583	9.2
- Unfilled Orders	430	509	580	614	588	609	609	19.7
Thin Papers - Shipments	303	282	19	19	21	19	247	-5.7
Cotton Fiber Paper - Shipments	147	144	11	12	13	14	153	5.9
Bleached Bristols - Production	961	924	77	87	80	86	1002	8.1
Tissue Paper - Production	4921	4941	395	428	412	446	5083	2.3
Total Packaging & Other Paper	5555	5202	417	429	425	435	5154	-1.4
Unbl. Kraft Paper - Shipments	3666	3403	277	277	274	272	3363	-2.3
Other Paper - Production	1889	1799	140	152	151	163	1791	-1.3
TOTAL PAPER Production Unadj.	34447	34042	2831	3028	2971	3109	35538	3.9
Production S.A.			3021	2998	2980	2980	35376	4.0
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2256	2397	2229	2334	27314	6.8
Total Unbl. Kraft Paperboard	17185	16368	1439	1575	1438	1511	17647	7.0
Unbl. Kraft Linerboard (1)	16037	15283	1331	1455	1329	1394	16290	6.5
Production for Export	2086	1830	163	206	161	153	2057	12.5
Other Unbl. Kraft Paperboard	1149	1184	107	120	109	117	1357	13.2
Semichemical Paperboard	5169	5088	441	481	450	455	5372	4.9
Production for Export	149	189	14	26	22	17	200	5.7
Solid Bleached Paperboard	4048	3948	377	342	341	368	4235	8.5
Production for Export	478	466	46	42	40	44	511	11.1
Recycled Paperboard	7637	7630	637	687	669	719	8193	7.4
Production for Export	17	26	2	1	2	3	25	-7.0
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	2893	3085	2898	3053	35507	6.9
- Containerboard Prod.(Dom. Use)	20993	20042	1773	1888	1765	1858	21483	6.9
- Boxboard Prod.(Dom. Use) (2)	5783	5673	475	483	482	518	5976	4.8
- All Other P'bd Prod.(D.U.) (2)	4531	4808	420	439	426	461	5255	8.5
- Total Paperbd Prod. for Export	2731	2511	225	275	225	217	2794	11.5
TOTAL PAPERBOARD PROD.- S.A.			3020	2987	2904	2953	35116	6.9
TOTAL PAPER AND PAPERBOARD								
Production - actual	68487	67076	5774	6112	5869	6162	71047	5.4
Production - S.A.			6041	5985	5884	5933	70492	5.4

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

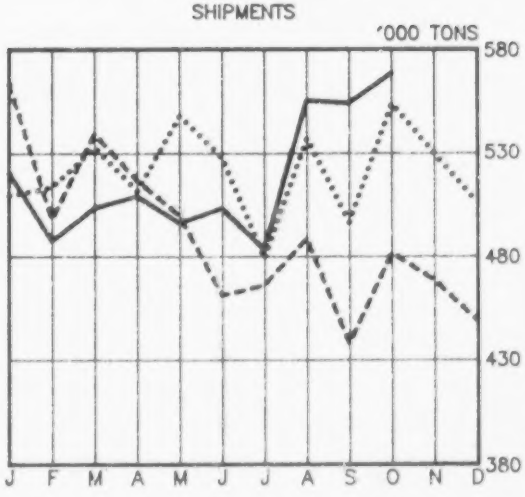
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



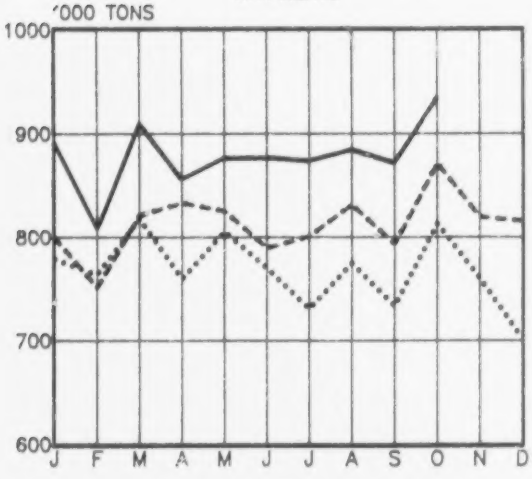
COATED PAPER

SHIPMENTS



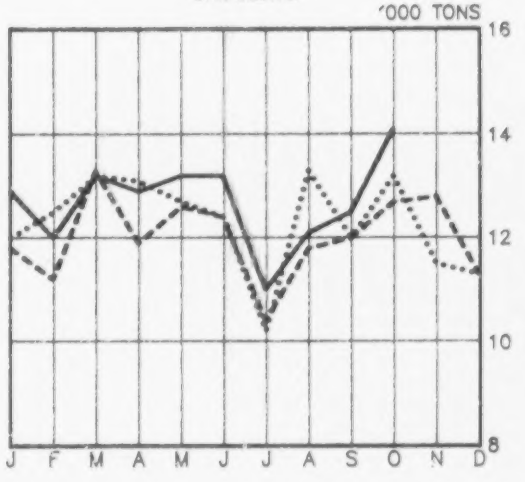
UNCOATED FREE SHEET PAPERS

SHIPMENTS



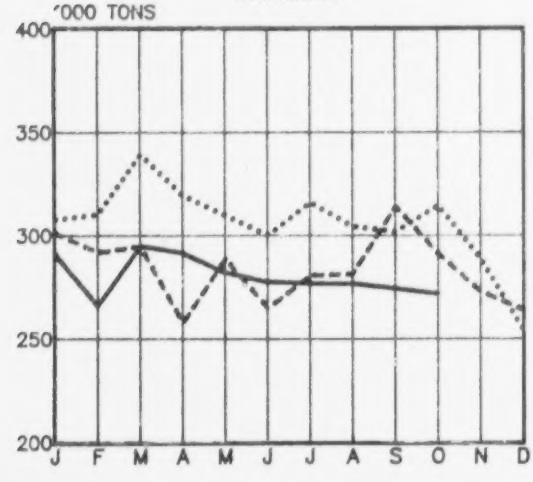
COTTON FIBER PAPER

SHIPMENTS



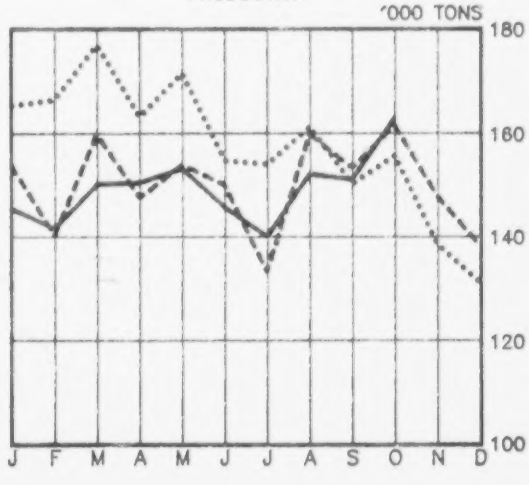
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ..... 1985 - - - - - 1986 ——

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1984	YEAR 1985	JUNE 1986	JULY 1986	AUGUST 1986	SEPTEMBER 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
					R	P		
TOTAL WOOD PULP								
Total Wood Pulp - Production	55470	54029	4844	4742	4903	4671	57108	5.6
- Imports	4490	4466	370	401	422	379	4547	2.3
- Exports	3594	3791	372	299	418	457	4523	18.4
- New Supply	56367	54704	4842	4843	4907	4592	57682	4.5
Dissolving Pulp - Production	1206	1174	107	103	113	104	1258	7.3
- Imports	161	175	22	20	28	24	260	48.2
- Exports	595	631	54	46	63	83	707	8.6
- New Supply	772	718	74	77	78	45	810	16.4
Paper Grades - Production	44690	43577	3942	3797	3961	3772	46202	6.0
Chemical Pulp - Imports	4023	4104	343	309	378	343	4218	2.8
- Exports	2945	3131	314	251	353	370	3757	19.4
- New Supply	45767	44550	3970	3914	3986	3745	46663	4.7
Groundwood and - Production	5506	5251	450	474	469	457	5514	4.2
Thermo-Mech. - Imports	306	187	9	12	15	12	179	-43.2
- Exports	54	29	4	2	2	4	59	150.0
- New Supply	5758	5409	452	484	483	464	5574	3.0
Semi-Chemical - Production	4069	4027	345	368	359	338	4134	2.7
- Imports			- - - - -	Included in Groundwood Pulp			- - - - -	
- Exports								
- New Supply	4069	4027	345	368	359	338	4134	2.7
MARKET WOOD PULP								
Total Market - Production	6898	6800	641	638	676	624	7517	10.7
Wood Pulp - Imports	2968	2791	255	242	297	270	3105	10.4
- Exports	3511	3784	424	313	406	404	4190	18.8
- New Supply	6355	5807	472	567	568	489	6132	5.3
Dissolving Pulp - Production	1205	1171	105	102	113	104	1250	6.4
- Imports	204	174	20	12	25	21	220	49.2
- Exports	690	666	67	52	57	69	711	7.8
- New Supply	718	679	58	63	81	56	759	8.3
Paper Grades - Production	5680	5605	534	535	564	522	6262	11.8
Chemical Pulp - Imports	2664	2531	225	224	257	241	2783	9.7
- Exports	2821	3117	357	262	349	335	3773	21.2
- New Supply	5523	5019	403	497	471	428	5270	4.8
Groundwood Pulp - Production	14	24	2	0	0	0	5	-73.7
and All Other - Imports	100	86	10	9	16	7	97	42.6
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	11	7	16	6	103	-2.4

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

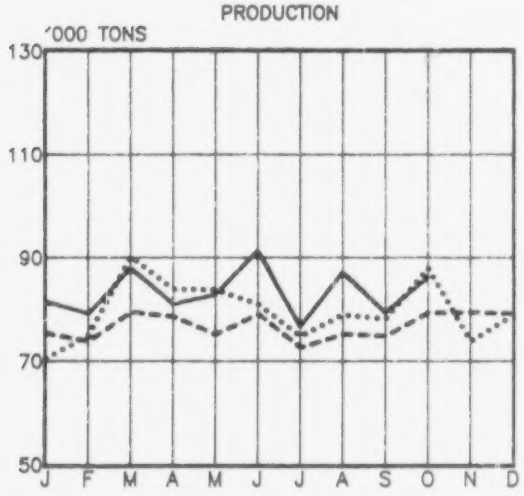
FIBROUS RAW MATERIALS
(Thousands of tons)

					R	P		
CONSUMPTION AT PAPER & PAPERBOARD MILLS								
Total	70488	68584	6079	5937	6119	5938	72140	5.3
Total Wood Pulp	54562	53297	4695	4617	4729	4558	55577	4.3
Waste Paper	15926	15290	1384	1320	1390	1380	16563	8.6
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	171	176	195	186	186	1.3
Producers' Market Inventories	585	486	304	353	352	303	303	-37.8
Consumers' Purchased Inventories	545	492	568	579	542	558	558	21.9
Waste Paper at Paper & Bd. Mills	1053	967	843	884	851	877	877	-8.5
Days of Supply at Pulp Mills of								
Chemical Paper Grade Mkt Pulp	42	30	18	20	20	17	17	-46.9

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

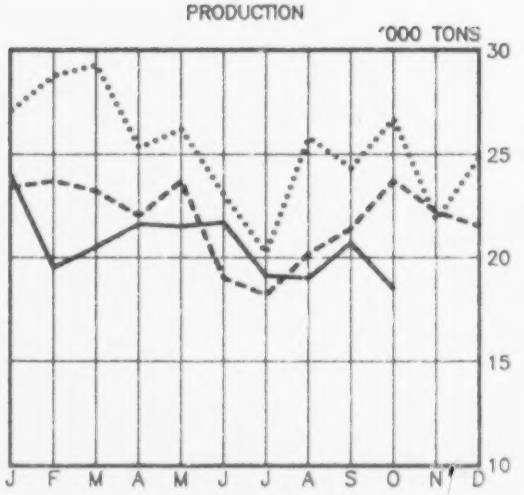
BLEACHED BRISTOLS

PRODUCTION



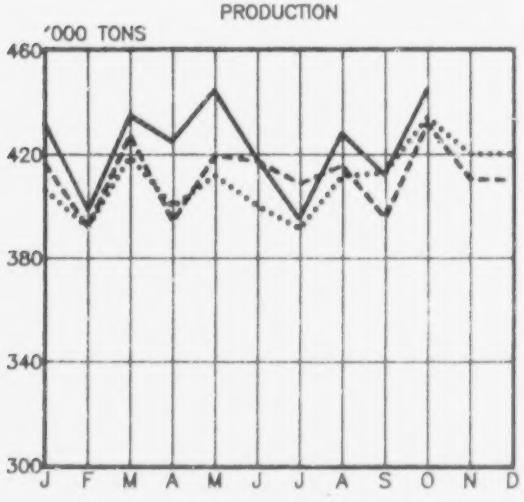
THIN PAPER

PRODUCTION



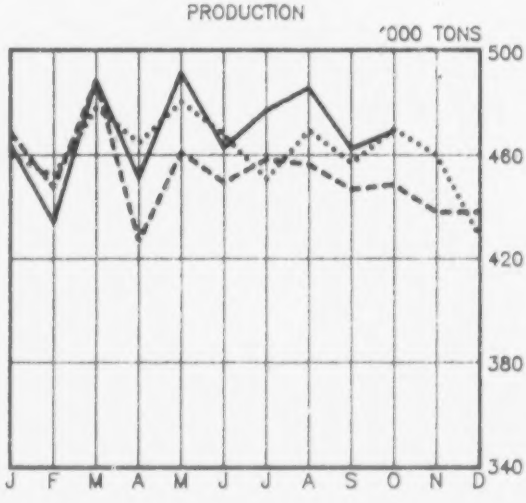
TISSUE PAPER

PRODUCTION



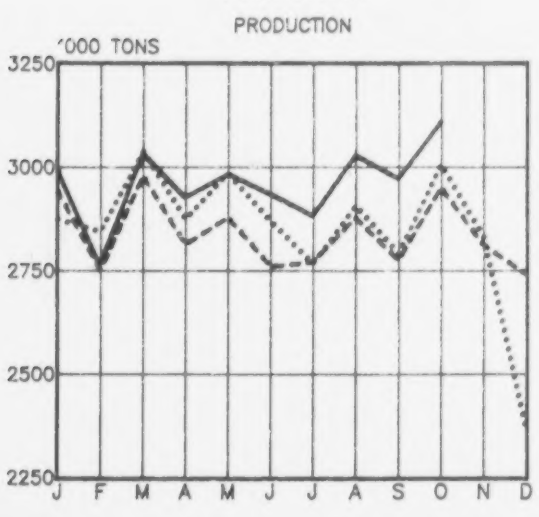
NEWSPRINT

PRODUCTION



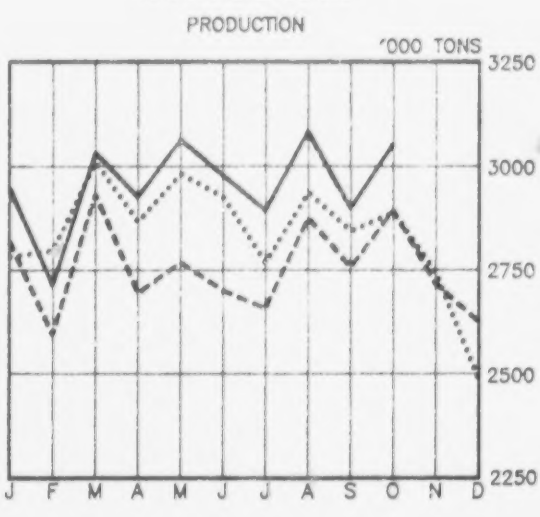
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ····· 1985 - - - - -1986 ——

F I B R O U S R A W M A T E R I A L S

(Thousands of Standard (128 cubic feet) Cords)

		YEAR 1984	YEAR 1985	JUNE 1986	JULY 1986	AUGUST 1986	SEPTEMBER 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85499	7372	7770	7465	7493	80444	0.2
	- Total Consumpt	87646	85744	7563	7812	7582	7302	80459	0.4
	- Residues *	32072	30464	2748	2576	2710	2642	32863	8.4
	- Inventories	5574	5046	4851	4836	4835	4970	4970	0.2
So. Atlantic	- Total Receipts	27654	27589	2427	2480	2289	2436	29405	8.5
	- Total Consumpt	27344	27815	2480	2531	2345	2372	29339	7.1
	- Residues *	8196	7970	774	682	788	755	9241	20.5
	- Inventories	1444	1117	1096	1062	1016	1037	1037	-0.7
Northeast	- Total Receipts	7665	7430	596	598	586	594	7148	-3.8
	- Total Consumpt	7474	7394	615	582	561	633	7207	-3.4
	- Residues *	1501	1539	123	98	124	119	1420	-4.4
	- Inventories	590	544	345	391	388	411	411	-7.6
South Central	- Total Receipts	30693	29736	2436	2745	2729	2694	31004	8.3
	- Total Consumpt	30502	29914	2578	2746	2737	2612	31841	6.2
	- Residues *	9059	9207	778	909	828	834	9747	5.6
	- Inventories	1304	1198	992	992	1038	1137	1137	-8.7
North Central	- Total Receipts	6872	6430	522	578	561	522	6448	-4.1
	- Total Consumpt	6563	6296	580	561	578	557	6723	7.1
	- Residues *	1472	1290	78	76	85	93	1084	-22.4
	- Inventories	906	884	762	789	809	814	814	-13.8
West	- Total Receipts	15992	14264	1331	1369	1300	1452	13787	4.4
	- Total Consumpt	15763	14325	1310	1392	1361	1288	13747	3.5
	- Residues *	11842	10458	990	911	885	847	11042	9.4
	- Inventories	1330	1303	1656	1642	1605	1547	1547	12.4

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 20-Nov-86

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	AUG. 1986 Tons	AUG. 1986 $000's	SEPT. 1986 Tons	SEPT. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	292	95	27175	1748	97555	145.8
Pulpwood chips	788486	21455	52139	1537	4751	217	728028	-11.5
Wood Pulp, Total	4020736	1385871 E	361716	131816	317232	116439	3944476	2.3
Waste Fibrous Materials, Total	144564	26371	13813	2352	11093	1703	130253	4.4
Paper, Board & Products, Total	9734523	4306694	868581	384883	800133	356140	9955417	7.4
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	857551	371136	784345	338859	9815414	6.1
Paper, Paperboard & Products	9380235	4215314	840400	383254	779477	349001	9700554	7.4
Paper & Paperboard, Only	7286488	4073606	835370	364274	767751	331730	9552557	3.6
Paper, Total	9132123	4030872	814286	358024	747781	326343	9330397	2.8
Newsprint	8117986	3496744	714254	305451	655497	277249	8312757	2.3
Printing, Writing & Rel. Pap.	841500	435561	77451	42964	70122	37861	872736	2.5
Pack. & Ind. Conv. Paper	124100	94640	16265	7335	17561	7521	179161	51.8
Special Industrial Paper	3463	5393	350	524	445	758	4534	44.5
Tissue Paper	45081	28334	5966	3690	4155	2506	41109	-12.3
Paperboard, Total	154360	42734	21084	6250	19971	5787	224160	40.4
Convtd Paper&Paperbd Products	93747	141708	21030	18778	10748	13531	137994	42.2
Wet Machine Board	2184	1481	204	156	159	101	2264	4.1
Construction Paper & Board	352104	89848	21978	6679	21475	6228	252536	-34.2

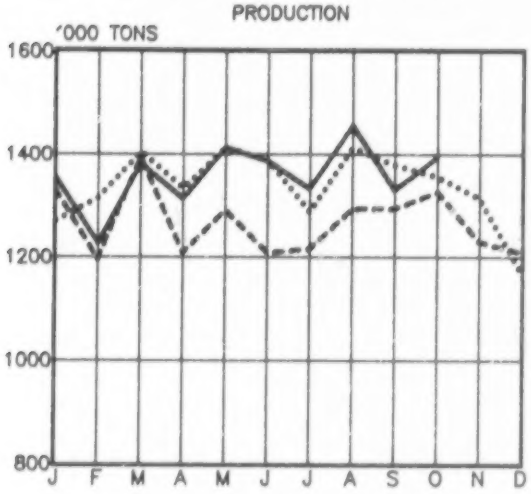
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	1097	65	1294	60	35904	-19.0
Pulpwood chips	82626	4780	11880	610	14028	1981	133371	52.4
Wood Pulp, Total	203934	79541	18136	5559	23122	6423	203177	29.5
Cotton Pulp & Other Pulp	15083	6252	3917	1177	3440	1170	30253	160.6
Waste Paper	209087	23249	21659	2323	28375	2500	214451	-3.5
Paper, Board & Products, Total	736140	485290	55848	35610	61739	40052	872561	19.7
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	42126	23145	47470	26478	720270	28.1
Paper, Paperboard & Products	710785	473039	52711	34825	53529	38752	844819	20.1
Paper & Paperboard, Only	554413	322162	38989	22359	45261	25377	692528	28.7
Paper, Total	271754	223971	18454	15636	18105	15749	279690	-0.9
Newsprint	3757	3276	369	366	461	439	4146	17.0
Printing, Writing & Rel. Pap.	133800	118625	9896	7962	7842	6865	119567	-13.8
Pack. & Ind. Conv. Paper	41327	23536	2356	1635	1650	1173	25644	-41.8
Special Industrial Paper	90071	74893	5502	5233	7904	6965	127274	37.5
Tissue Paper	2799	3041	331	441	247	354	3057	-5.2
Paperboard, Total	282658	98191	20535	6723	27156	9581	412838	91.4
Convtd Paper&Paperbd Products	156372	151676	13722	12466	14268	13574	152241	-8.1
Wet Machine Board	5786	4243	1608	224	391	322	10345	89.8
Construction Paper & Board	19570	7209	1529	501	1819	779	17347	-8.0

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 20-Nov-86

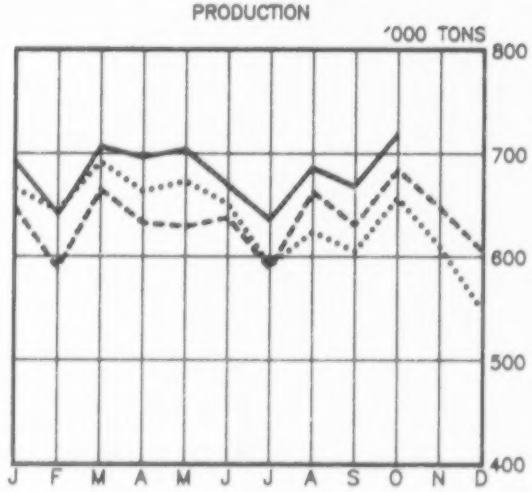
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



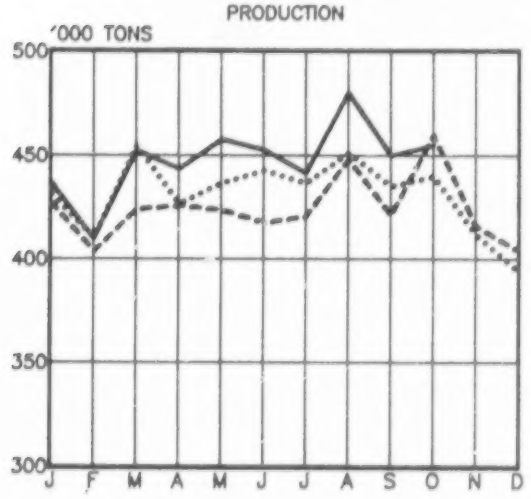
RECYCLED PAPERBOARD

PRODUCTION



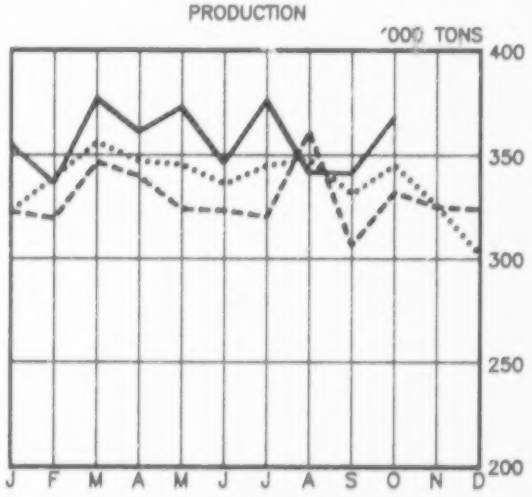
SEMICHEMICAL PAPERBOARD

PRODUCTION



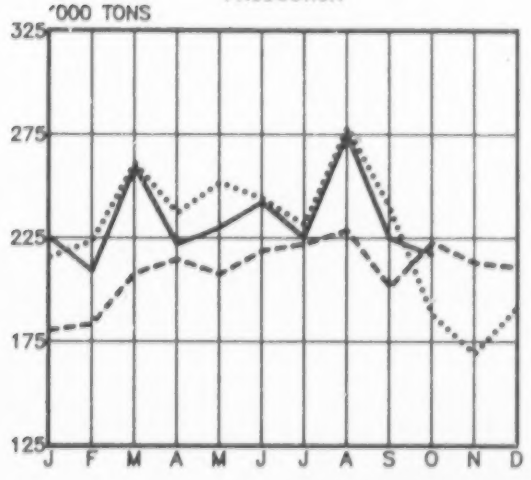
SOLID BLEACHED PAPERBOARD

PRODUCTION



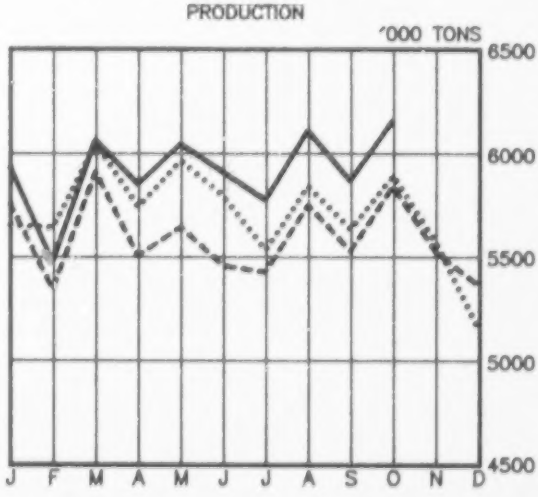
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ····· 1985 - - - - -1986 ———

I M P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1986 AUG. Tons	1986 AUG. $000	1986 SEPT Tons	1986 SEPT $000	(1) Annual Rate YTD Tons 1986	% Change from Same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	292	95	27175	1748	69021	68.3
Pulpwood Chips	789382	22006	52144	1545	9803	252	730473	-3.4
Total All Imports	16156209	7255817	1468774	668483	1352860	917122	16167879	2.8
Wood Pulp Total	4469546	1520907	421710	152985	378681	138681	4597024	2.3
Waste Paper	87413	10160	7280	841	8181	1044	96505	22.1
Other Fibrous Materials	81430	26949	7741	2138	4616	1518	1.4879	26.5
Paper Board & Products Total	11521619	5697802	1032043	512219	961382	475878	11854470	2.8
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5674482	1001805	445721	914231	410881	11458362	2.8
Paper Ppbd & Prds ex Cnst&MMB	11105154	5586077	1001250	502603	921301	466067	11509929	3.8
Paper & Paperboard Only	10821629	4962757	971012	436115	884150	401069	11124420	2.8
Paper Total	10637428	4906882	947995	428916	858787	393519	10858631	2.1
Newsprint	8496568	3638716	759518	319239	668418	282877	8636129	1.8
Printing & Writing	1912867	1116225	159494	91907	162179	94032	1920515	-0.5
Uncoated Groundwood	1027211	530619	82522	41548	81772	41930	957154	-6.7
Coated Print.& Impreg. Pap.	496072	363455	37571	26603	42846	30141	481069	-7.2
Uncoated Free Sheet	364848	198432	34036	20193	34245	19773	435828	21.9
Uncoated Book	200927	106586	15170	9134	17328	9835	219289	22.0
Writing and Similar Paper	163921	91846	18867	11060	16918	9938	216529	33.9
Thin (except Cigarette)	23712	22276	5283	3501	3210	2488	44992	84.4
Bristols	1024	1043	82	61	55	49	672	-37.7
Total Pkg & Other Paper	172003	116390	20514	12585	22098	12535	236726	42.4
Unbleached Kraft Paper	63604	23976	10517	3833	12194	4581	111096	90.8
Other Pkg. & Indust. Paper	108398	92414	9998	8752	9904	7944	125630	16.3
Tissue	55991	35551	8469	5184	6112	4075	65260	21.8
Paperboard, Total	184201	55875	23016	7200	25363	7551	265789	47.8
Test or Containerboard	50975	16848	8115	2690	6884	2219	75413	50.1
Semi-Chemical Corrugating	65203	13706	8154	1785	8305	1840	96801	47.8
Other Paperboard	68023	25321	6748	2725	10194	3492	93076	46.0
Convtd Paper&Paperbd Products	283525	623320	30238	66488	47151	64997	385509	43.9
Paper Products, Total	258934	572316	28024	61723	44781	60087	356978	46.4
Paperboard Products, Total	24592	51004	2214	4764	2370	4910	28531	18.9
Wet machine Board	3270	2585	252	209	224	171	3293	-0.2
Construction Paper & Board	413196	109140	30542	9407	29858	9641	341249	-21.5
Notes								
Other: No Weight Avail. ($000)		228219		17630		19231	208917	-3.9
Total Imports Incl. Other($000)		7484036		685813		636353	7736337	3.2

E X P O R T S

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	1097	65	1234	60	39903	-13.6
Pulpwood Chips	2116137	168814	202125	14603	210608	12831	2214729	6.2
Total All Exports	11261281	4042068	1104780	429531	1171937	432466	13209622	16.6
Wood Pulp,Total	3791102	1352708	417775	161878	457020	176181	4523355	18.4
Cotton Pulp and Other Pulp	107224	71802	11701	6158	10695	5014	160669	50.9
Waste and Old Paper	3285926	349258	333091	39262	306871	35752	3727301	13.7
Paper, Board & Products,Total	4077029	2268300	402213	222333	397351	215519	4798287	17.3
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	358002	163939	350796	158656	4286279	19.4
Paper, Ppbd & Prod ex Cnst&MMB	4008221	2229594	393852	218069	360383	211464	4705696	16.9
Paper & Paperboard, Only	3517311	1548451	349641	159675	343828	154601	4193678	19.0
Paper, Total	779000	594338	82639	59639	80086	49962	892216	9.5
Newsprint	314385	131779	43128	21361	26376	14972	363320	15.7
Printing & Writing	202826	201845	15824	16305	13094	13513	190662	-5.1
Uncoated Groundwood	36779	31727	2877	2316	2019	1380	42101	12.8
Clay Coated Paper	82461	65710	6081	4595	5300	4176	78136	2.9
Uncoated Free Sheet	64573	77929	4325	6766	3737	5455	49516	-26.2
Other Printing & Writing	19013	26479	2541	2628	2039	2502	20909	1.5
Total Pkg. & Other Paper	243671	242909	22217	19655	19238	19542	292229	15.6
Unbleached Kraft	67695	29931	9523	3874	5988	2440	80981	11.2
Other Pkg. & Indust. Paper	175976	212978	12694	15780	13250	17102	211248	17.4
Tissue	18118	18205	1471	2318	1378	1935	16015	-28.2
Paperboard, Total	2738310	954113	267002	100036	283742	104639	3331463	21.8
Solid Wood Pulp	2492746	872281	250143	93825	264048	97314	2992430	18.9
Total Linerboard	1807151	480909	181873	56812	195623	61071	2190739	20.8
Bleached Kraft Linerboard	130359	45687	12128	4548	5687	3208	144163	11.4
Unbleached Kraft Linerbd	1676791	435222	169744	52264	189936	57863	2046577	21.5
Other Unbleached Kraft	100651	41053	13179	5019	10778	4323	155275	38.6
Other Bleached Kraft	523091	335026	48435	29989	47507	28538	570067	6.4
Semi-Chemical Corrugating	61853	15293	6657	2005	10141	3383	76349	36.7
Recycled Paperboard	245564	81833	16859	6211	19693	7325	339032	55.2
Convtd Paper&Paperbd Products	490910	680143	44211	58394	46555	56863	512018	1.8
Paper Products, Total	237191	464174	19849	38822	21912	38767	230464	-7.2
Paperboard Products, Total	253719	215970	24362	19572	24643	18096	281554	10.5
Wet Machine Board	13380	6930	2042	423	658	429	18601	44.5
Construction Paper & Board E	55429	32776	5319	3841	6310	3627	74000	42.1
Notes								
Other: No Weight Avail. ($000)		6618		367		528	7499	14.2
Total Exports Incl. Other($000)		4048687		429998		432994	4622030	12.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	JULY 1986	AUGUST 1986	SEPTEMBER 1986	OCTOBER 1986	Annual Rate Y-T-D 1986	% Change From Same Period Last Year
Pulp, Paper and Products except Building Grades	293.3	292.0	293.7	295.8	297.7	299.3	292.7	-0.1
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.2	294.5	295.4	297.4	299.3	300.9	294.8	-0.1
Total Wood Pulp	397.2	346.6	367.7	365.9	371.5	374.7	353.3	1.9
Total Paper	302.9	303.4	305.6	307.5	308.9	310.5	305.0	0.4
Total Paper, exc. Newsprint	301.2	298.8	299.2	302.5	303.8	304.3	299.2	-0.1
Newsprint	324.1	332.9	323.6	322.2	322.3	333.6	324.6	2.0
Total Paperboard	281.5	274.6	270.5	274.1	276.8	280.4	270.5	-2.1
Total Paper and Paperboard *	296.2	294.4	294.6	297.0	298.8	301.2	294.0	-0.4
Converted Products	280.7	288.1	288.2	290.3	291.8	292.8	280.9	0.0
Waste Paper	240.1	148.8	195.0	200.3	204.4	207.0	167.6	9.4
All Commodities	310.4	308.9	297.7	297.2	297.7	298.3	300.1	-2.8
Industrial Commodities	322.6	324.0	308.5	307.7	308.8	309.3	312.7	-3.4

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Continued from page 2

Production of solid bleached paperboard was also strengthened by increases in exports: the January-September 1986 rate of 511,000 tons per year was 11.1% ahead of its comparable year-ago level -- the highest since 1983.

Production of boxboard, which is generally less affected by exports or inventory changes than the containerboard grades, showed more modest gains over the 1985 levels but comparable increases over their 1984 totals (see table on page 3). This year's production of boxboard for domestic use also appears to be making a new high, moving from the first time to the 6 million tons level.

The turnaround in folding boxboard demand evident since the early 1980's has continued into 1986. Production of solid bleached and recycled folding boxboard for domestic use in the January-October 1986 period was 5.9% above its year-ago level, with the gain centered on a 12.3% gain in the solid bleached grades. Strong gains were also evident in some of the food

Continued on page 11

service grades of solid bleached paperboard, with cup stock up 8.3% and plate, dish and tray stock showing an 8.7% gain. Among the non-packaging grades, production of gypsum wall board facing rose by 11.6% in this period, reflecting the still-strong demand for housing

TOTAL DEMAND

The increase in total demand for paper and paperboard in 1986 was somewhat greater than the production gain. Production, as noted above, was strengthened by significant gains in exports, reflecting the lower value of the U.S. dollar in export markets. The impact of the changing status of the dollar on imports was more muted. For one thing, our major imports come from Canada and the Canadian dollar has, if anything, depreciated in terms of the U.S. dollar. Overseas exporters to the United States have tried to hold on to their U.S. markets, but as the figures show, this has been rather difficult. On balance, where total exports of paper, paperboard and products in the first nine months of 1986 showed a 17% increase over their year-ago level, imports flattened to a 2.8% gain (see table on page 9).

Total demand for paper and paperboard, as measured by new supply (production plus imports less exports) rose by 4.3% in the first ten months of 1986 over its comparable year-ago level, while production increased by 5.4%. In 1985, by way of contrast, domestic production of paper and paperboard fell by 2.1% from its 1984 level, while new supply, supported by rising imports, showed only a 0.8% decline.

Over the long run, new supply tends to move in line with total economic activity as measured by the real gross national product (Real GNP). On a year-by-year basis, however, new supply tends to lag real GNP on the downswing -- or even slowdown -- of the business cycle, and rise faster on the upswing. In 1985, real GNP rose 2.7%, compared to the flat trend in new supply of paper and paperboard. So far this year real GNP has increased by 2.6% over its comparable year-ago level (see last line of data on the Industry Data sheet), compared to the 4.4% increase in new supply. Comparison with 1984 rates puts the trends into better perspective: the gain in real GNP from 1984 to the first three quarters of 1986 was 5.1% compared to a 3.4% in paper and paperboard new supply. Another way of looking at this pattern: the ratio of new supply to real GNP went from 21,420 tons per billion dollars of real GNP in 1984 to 20,689 tons in 1985 and 21,064 thousand tons so far in 1986.

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FIBROUS RAW MATERIALS

Production of paper grade wood pulp showed a 5.6% gain in the first ten months of 1986 over its year-ago total. However, wood pulp production was supported by a 20% gain in export shipments, as reported by API'S Pulp Division, so that production for domestic use rose by only 4.4%. Imports of paper grade wood pulp were in a flat trend in 1984 and 1985; the 1986 data show a modest 2.8% increase in the first nine months of the year.

Production of paper grade chemical market pulp, bolstered by surging exports, rose 11.7% in the first ten months of 1986. shipments showed an even greater gain -- 13.9% -- reflecting a 40% decline in producers' market pulp inventories since the beginning of this year. Shipments of U.S. market pulp to the domestic market gained 5.3%.

PAPER INDUSTRY CAPACITY PLANS

U.S. capacity to produce paper and paperboard will increase 4.2 million tons between 1986 and 1989, for an average annual rate of 1.8%, according to the American Paper Institute's 29th annual Capacity Survey. During the preceding ten year period, 1977-1986, paper and paperboard capacity grew at the slightly faster average annual pace of 2.1%. However, this year's Survey was conducted in mid-1986, a time when both the sales and profit outlook were uncertain and some executives were concerned about the effects of tax reform on their company's cash flow.

Approximately 42% of the new capacity will be added in 1987, with smaller additions contemplated for 1988 and 1989. If implementation proceeds according to plans, capacity to produce paper and paperboard will reach 79.8 million tons in 1989, up from an estimated 75.6 million tons in 1986. The South will continue to lead other regions, accounting for 68% of all new paper and paperboard capacity that will be put in place between 1986 and 1989. This section of the country had one-half of all paper and paperboard capacity and more than 70% of all wood pulp capacity in place during 1985.

The following table highlights aggregate capacity trends for paper and paperboard. Data regarding individual grades can be found in the Capacity Survey, which is available for $275 each, domestically, and $300, overseas, from the Capacity Department, Box SB, American Paper Institute, 260 Madison Avenue, New York, NY 10016.

ANNUAL PAPER AND PAPERBOARD CAPACITY

(000 short tons)

	PAPER	PAPERBOARD	TOTAL
1985	37,581	36,720	74,301
1986	38,102	37,516	75,618
1987	39,248	38,135	77,383
1988	40,140	38,637	78,777
1989	40,585	37,978	79,836

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

November 30, 1986

PRODUCTION (000 TONS)

	Oct. 86	Sept. 86	Oct. 85	Jan. - Oct. 86	Jan. - Oct. 85	% Change 86/85
PAPER GRADES						
Newsprint	469	462	449	4686	4552	3.0
Printing & Writing	1759	1671	1617	16399	15440	6.2
Uncoated Groundwood (s)	137	132	148	1266	1265	0.1
Coated Paper (s)	569	555	482	5185	4957	4.6
Uncoated Free Sheet Paper (s)	934	872	871	8781	8115	8.2
Thin Paper (s)	19	21	24	206	218	-5.7
Cotton Fiber Paper (s)	14	13	13	127	120	5.9
Bleached Bristols (s)	86	80	80	835	765	9.1
Tissue Paper	446	412	432	4236	4120	2.8
Total Pkg & Other Paper	435	425	453	4295	4379	-1.9
Unbleached Kraft Packaging & Indl. Converting (s)	272	274	291	2802	2867	-2.3
Other Paper *	163	151	162	1493	1513	-1.3
TOTAL PAPER	3109	2971	2950	29616	28492	3.9
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1511	1438	1416	14706	13748	7.0
Unbleached Kraft Linerboard	1394	1329	1326	13575	12749	6.5
Other Unbl. Kraft Paperboard	117	109	90	1131	999	13.2
Semichemical Paperboard	455	450	460	4477	4269	4.9
Bleached Paperboard	368	341	333	3579	3299	8.5
Recycled Paperboard	719	669	685	6828	6376	7.1
TOTAL PAPERBOARD	3053	2898	2894	29589	27691	6.9
TOTAL PAPER AND PAPERBOARD	6162	5869	5844	59205	56183	5.4

WOOD PULP (ALL GRADES)	Sep. 86	Aug. 86	Sep. 85	Jan. - Sep. 86	Jan. - Sep. 85	% Change 85/84
Dissolving & Special Alpha	104	113	79	943	879	7.3
Bleached Sulfite	119	131	114	1060	1024	3.5
Unbleached Sulfite	13	13	14	124	149	-16.5
Bleached & Semi-Bl. Sulfate	1958	2054	1804	17967	16872	6.5
Unbleached Sulfate	1682	1764	1664	15501	14646	5.8
Semichemical	338	359	324	3101	3013	2.9
Groundwood & Thermomechanical	457	469	423	4136	3968	4.2
TOTAL PULP DIVISION DATA	4671	4903	4423	42831	40551	5.6

(s) - Shipments
P - Preliminary
R - Revised

November 30, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	August	September	October	1986	
Total Production (API).....: excluding :...	68487	67076	6112	5869	6162	71047	5.4
Total Seasonally Adjusted....:construction:...			5985	5884	5933	70492	5.4
Imports (including Products).: and wet :..E	10576	11106	1002	914	930	11455	2.6
Exports (including Products).: machine :..E	4309	4009	394	390	395	4709	17.0
Apparent Consumption.....: grades :...	74754 a	74173 b	6593	6408	6468	77238 c	4.3
Paper Production % Tonnage Capacity.....	92.8 g	90.6 g	91.2	92.1	93.2	92.4 gh	-
Paperboard Production % Tonnage Capacity.....	94.6 g	89.9 g	95.1	91.9	93.5	93.6 g	-
			July	August	September		
IMPORTS.....:Including Construction and :...	11075	11521	1139	1032	961	11854	2.8
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	433	402	397	4798	17.3
			July	August	September		
MARKET WOOD PULP PRODUCTION - Tons (000).....	6897	6800	638	676	624	7515	10.7
TOTAL WOOD PULP PRODUCTION - Tons (000).....	55470	54029	4742	4903	4671	57108	5.6
WOOD PULP IMPORTS - TONS (000).....	4490	4466	401	422	379	4597	2.3
WOOD PULP EXPORTS - TONS (000).....	3594	3791	300	418	457	4523	18.4
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			July	August	September		
Wood Pulp.....consumption for:.....	54562	53297	4617	4729	4558	55541	4.2
Waste Paper.....:construction & :.....	15926	15290	1320	1390	1380	16563	8.6
TOTAL.....: WMB grades :.....	70488	68584	5937	6119	5938	72104	5.2
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7812	7582	7762	90905	6.4
EMPLOYMENT (000)			August	September	October		
Paper and Allied Products.....Total.....	682.3	683.2	690.0	692.4	693.5	688.6	0.9
Pulp, Paper and Board Mills.....Total.....E	257.2	253.5	249.8	251.6	252.0	252.0	-0.7
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	10.44	10.82	11.17	11.19	11.27	11.13	3.2
Pulp, Paper Mills.....E	12.45	13.11	13.70	13.72	13.80	13.55	3.9
Paperboard Mills.....E	12.99	13.60	14.04	14.16	14.20	14.00	3.6
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q4	1986 Q1	1986 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.59	9.56	8.67	9.02	8.87y	3.3
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			August	September	October		
:IN PULP, PAPER :...Production Workers.....	125.5	125.2	139.5	133.7	134.0	133.2	6.5
:AND BOARD MILLS:...All Employees.....	123.9	125.7	138.2	132.9	133.4	132.9	6.0
PAPER AND ALLIED PRODUCTS (Million $)				August	September		
Industry Shipments (Dept. of Commerce)*.....	95990	97664	9317	9299	9529	107768	10.7
Pulp, Paper and Paperboard*.....	41539	41830	4025	3929	4065	45571	9.3
Inventories (End of Period) - Total Industry*..	9701	9728	10029	10114	10059	10059	4.1
Pulp, Paper and Paperboard*.....	3662	3800	3931	3885	3918	3918	4.5
			1985 Q4	1986 Q1	1986 Q2		
Sales (Corporations Only).....	71891	71465	17694	17575	18470	72090	0.4
Earnings (Corporations Only).....	3015	2880	695	589	922	3022	-4.8
Depreciation (Corporations Only).....	2798	3099	775	820	844	3328	9.3
Net Worth (Corporations Only).....	28160	29694	29780	30033	30646	30646	3.1
PRICE INDEXES (Bureau of Labor Stats)1967=100			August	September	October		
Pulp, Paper & Products, ex. Building Grades....	293.3	292.0	295.8	297.7	299.3	292.7	-0.1
Wood Pulp.....	397.2	346.6	365.9	371.5	374.7	353.3	1.1
Waste Paper.....	240.1	148.8	200.3	204.4	207.0	167.6	9.4
Paper.....	302.9	303.4	307.5	308.9	310.5	305.0	0.4
Paperboard.....	281.5	274.6	274.1	276.8	280.9	270.5	-2.1
PAPER DEMAND (INDEXED: 1977=100)			August	September	October		
Total Paper Production *.....	124.1	123.0	129.9	129.1	129.1	127.7	4.0
Paper New Supply *.....	127.7	128.8	136.2	133.7	133.5	133.1	3.4
Demand Indicators - (Weighted Average) *.....	136.7	141.6	150.2	149.5	149.9	148.1	4.9
Production of Nondurable Goods *...(21.2%).	122.5	125.3	132.4	132.2	132.4	130.5	4.5
Disposable Income .....*.(23.9%)	124.0	126.8	132.0	131.5	132.0	131.5	3.8
Total Printing and Publishing *...(54.9%).	147.8	154.3	165.0	164.0	164.5	162.2	5.5
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.....	117.3	114.3	123.8	120.4	122.4	121.3	6.9
Production for Domestic Use	115.2	112.8	120.0	118.5	121.1	119.2	6.5
Demand Indicators - (Weighted Average) *.....	118.3	120.1	122.3	122.4	122.1	121.9	1.8
Production of Consumer Goods *...(62.06%)	118.2	120.5	125.1	125.1	124.6	124.2	3.5
Production of Equipment *...(5.75%)	140.5	146.4	142.4	143.1	143.5	142.9	-2.4
Production of Materials *...(32.19%)	114.6	114.5	113.2	113.5	113.5	113.7	-0.6
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			July	August	September		
Consumption by Publishers - Tons (000).....	12602	12773	1026	1099	1101	12876	3.3
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	461.6	460.6	461.7	460.4	2.0
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	157798	154769	8835	9688	14635	144765	-2.0
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3181	3313	3237	38021	11.3
Inventories (End of Period).	2724	3155	3160	3193	3194	3194	7.7
FIBRE BOX DATA (Fibre Box Association)			August	September	October		
Fibre Box Shipments (Million square feet).....	267549	267451	23742	24379	27132	287797	5.9
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2344	2269	2155	2155	-13.5
RETAIL TRADE (Million $)			July	August	September		
Total Retail Sales *.....	1291835	1375027	119804	121523	128003	1434551	4.7
Nondurable Goods Stores Sales *.....	841417	866541	73492	73611	73487	879645	2.1
GENERAL ECONOMIC DATA			August	September	October		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.2	125.1	125.2	125.2	124.9	0.7
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	310.3	308.7	297.2	297.7	298.3	300.1	-2.7
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	328.6	330.2	330.5	327.9	2.1
			July	August	September		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	572.9	579.6	585.0	579.6	14.0
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q1	1986 Q2	1986 Q3		
G.N.P. or Expenditure - Current $.....	3765.0	3998.1	4149.2	4175.6	4234.3	4186.4	5.5
G.N.P. or Expenditure - 1982 $.....	3489.9	3585.2	3655.9	3661.4	3683.3	3666.9	2.6

lb/capita
Pap&Papbd Othr Totl Popul(mil)
.a - 631 + 19 = 650 237.0
.b - 620 + 18 = 638 239.3
.c - 640 + 17 = 657 241.5
.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.